

# SUMMARY ANALYSIS OF AMENDED BILL

## Franchise Tax Board

Author: Leslie Analyst: Roger Lackey Bill Number: SB 1386  
Related Bills: See Prior Analysis Telephone: 845-3627 Amended Date: 06-16-98  
Attorney: Doug Bramhall Sponsor:

**SUBJECT:** State Agencies/Information Gathering On Websites/Disclosure Requirements

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED April 28, 1998, STILL APPLIES.

OTHER - See comments below.

### SUMMARY OF BILL

This bill would require that every state agency that maintains or operates a Internet website that uses any method or device to collect personal information, usage patterns, or user movements to disclose the existence and purpose of such a device on its home page or a web page directly linked from the home page for the website.

### SUMMARY OF AMENDMENT

The June 16, 1998, amendment expanded the bill's prohibition against state agencies not distributing or selling communication protocol information by state agencies to any third party to include any electronically collected information about users. As a result, the department identified the implementation concern included below.

The amendment also added a section to the Education Code that would require public libraries to adopt a policy regarding access by minors to the Internet.

Except for the discussion above, the department's analysis of SB 1386 as amended April 28, 1998, still applies.

### Implementation Considerations

The FTB does not sell taxpayer information. However, the FTB does have an agreement with the Internal Revenue Service (IRS), the Employment Development Department (EDD), and certain other state agencies to share taxpayer information. This bill would not allow the FTB to share tax return information that was electronically collected over the Internet unless the taxpayer provides permission. This provision could jeopardize the FTB's existing information-sharing relationships with the IRS and other agencies.

### Board Position:

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_____	SA	_____	O	_____	NAR
_____	N	_____	OUA	_____	PENDING

Department/Legislative Director

Date

Johnnie Lou Rosas

7/1/98

Currently, the FTB generally does not allow tax returns to be filed over the Internet. However, during 1998, the FTB, in cooperation with the Volunteer Income Tax Assistance program (VITA), developed a pilot project that allowed a small number of personal income tax returns to be filed via the Internet. The FTB is exploring the expansion of the pilot program.

Amendment 1 would allow the FTB to treat income tax returns filed over the Internet in the same manner as any other method of filing income tax returns, preserving FTB's information-sharing relationships with the IRS, EDD and certain other state agencies.

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FRANCHISE TAX BOARD'S  
PROPOSED AMENDMENTS TO SB 1386  
As Amended June 16, 1998

AMENDMENT 1

On page 3, line 40, after "any third party." insert:

This subparagraph shall not apply to the disclosure of a return, return information or other confidential tax information as permitted under Article 2 of Chapter 7, Part 10.2 (commencing with Section 19542) of the Revenue and Taxation Code.